

# Exhibit 3

**From:** Yorita, Terufumi  
**To:** Larry Horn  
**CC:** AVCGroup; Toru Ito; Tatsuya Sagawa; Jaime.Siegel@us-ti-xims-1.am.sony.com  
**Sent:** 3/16/2004 2:14:55 AM  
**Subject:** RE: Revised AVC Draft License

Dear Larry,

Thank you for your quick response. I think the words used in our comment was too strong and we didn't intend so. I would like to withdraw the comment on 8.3 and to share my concern with you instead.

My concern is that it would be difficult for MPEG LA to convince potential Licensees to agree with this provision since the requirement in the provision is not consistent with the scope of the license grant (unless Licensee elects an Enterprise License). While I understand and agree with you that the provision is for the interest of both Licensors and Licensees, some potential Licensees may argue such inconsistency.

If you and other Licensors see no issues with the above, then Sony is fine with the revised language of 8.3.

Regards,

Terufumi Yorita

At 15:06 04/03/15 -0700, Larry Horn wrote:

>Dear Yorita-san,

>

>We will address your other comments in due course, but I want to comment  
>here on Section 8.3. The proposed change makes this like the grantback  
>in other licenses. It is in the interest of fairness both to other  
>Licensees as well as Licensors because it assures that an affiliate of a  
>Licensee that owns an essential patent cannot decline to license the  
>essential patent on fair and reasonable terms.

>

>Best regards,

>Larry

>

>-----Original Message-----

>From: Terufumi Yorita

>Sent: Monday, March 15, 2004 4:04 AM

>To: Larry Horn; AVCGroup

>Cc: Toru Ito; Tatsuya Sagawa; Jaime.Siegel@us-ti-xims-1.am.sony.com

>Subject: Re: Revised

>

>-----Original Message-----

>From: Terufumi Yorita

>Sent: Monday, March 15, 2004 4:04 AM

>To: Larry Horn; AVCGroup

>Cc: Toru Ito; Tatsuya Sagawa; Jaime.Siegel@us-ti-xims-1.am.sony.com

>Subject: Re: Revised AVC Draft License

>

>

>Dear Larry and all:

>

>Sorry to be late. The followings are Sony's comments on the revised  
>draft:

>

>- Article 1.32: to avoid any unnecessary confusion and to be consistent  
> with Art. 1.16 "Codec Licensee Customer", "OEM Customer-Licensee"  
> should be "OEM Licensee Customer". See also below comment on Art.  
>2.6.

>

>- Article 2.1: Consumer's encoding use should not be limited to

>"encoding  
> AVC Video to be Transmitted to a Consumer" since Consumer may encode  
> for its own viewing (in such case there is no Transmission).  
>  
>- Article 2.6: Should OEM Licensee's Sale or offer for Sale be limited  
> to the OEM Licensee Customer? Otherwise, the definition thereof is  
>not  
> necessary (no other provisions use the definition).  
>  
>- Articles 3.1.1 and 3.1.6: allow me to raise my previous comment on  
> February 2nd which reads as follows:  
>  
> "If there is no particular reason, we believe Article 3.1.1 should  
> have the same "option" system as Article 3.1.7. We think that the  
> current Article 3.1.1 cap system is not practical because it raises  
> several issues on how (i) to calculate the "combined Sales" among  
> Licensees in the Enterprise and (ii) to allocate each Licensee's  
> share of the payment when combined royalty hits the cap."  
>  
> In the separate e-mail to us, Larry explained the reason why  
> Enterprise License in 3.1.7 requires Licensee to identify Affiliates  
> to be included which we understand and agree with. However, we don't  
> see any reason to have different cap system in 3.1.1 (AVC Product  
> License) and 3.1.6 (OEM License) from the one in 3.1.7. For the  
> reasons we stated above, I think 3.1.1/3.1.6 should have the same  
> cap system as 3.1.7.  
>  
> We would like to ask other Licensors (especially those who will  
> likely execute the Agreement as Licensee) to provide us with their  
> thoughts on this issue.  
>  
>- Article 8.3: the proposed change is unacceptable to Sony. We believe  
> the change is unnecessary and inconsistent with other provisions  
> (such as 8.4).  
>  
>- Typos we noticed:  
> 1.21: "... for their, its or an End User's personal use ..."  
> 1.32: "... (ii) Licensee under it own brand name ..."  
> 3.11.2: "... at the election of MPEG LA, ..."  
>  
> \*"Section(s)" are used instead of "Article(s)" in several provisions.  
>  
>Regards,  
>  
>Terufumi Yorita  
>Strategy & Licensing Dept.  
>Sony Corporation  
>  
>At 12:08 04/02/26 -0700, Larry Horn wrote:  
> >Dear Colleagues,  
> >  
> >Attached are revised drafts of the AVC License in both redlined  
> >(showing changes from the last draft) and clean versions. We have  
> >carefully considered everyone's comments (some were posted on the  
> >reflector, but many others were not) and have addressed many of them in  
> >  
> >the revised document. Thank you for all your effort. You have pointed  
> >  
> >out some inconsistencies, some oversights, some legal questions, some  
> >word choices, and places where the license could be simplified. It was  
> >all very helpful. To the extent your comments are not incorporated, we  
> >  
> >did so for a specific reason. In some cases the reasons will be  
> >obvious and in some cases I will communicate the reasons to you  
> >directly, but in all cases we would be glad to discuss them with you if  
> >  
> >you have questions.  
> >

> >While all of the changes are important and make the License simpler,  
> >none of them is "major" in the sense of materially changing the terms  
> >of the last draft. Of specific note: As a benefit of our consultation  
> >with both Japan and European broadcasters, the draft License has been  
> >revised so the sublicense pertaining to free television broadcast can  
> >be applied to any broadcast conditions worldwide. For example, there  
> >are no longer any limitations (e.g., 25% coverage) on supplemental free  
>  
> >broadcasts by cable and satellite. Instead of being called Over-the-Air  
>  
> >Free Broadcast AVC Video, this sublicense is renamed "Free Television  
> >AVC Video" (Section 1.24) and also includes free broadcast by cable and  
>  
> >satellite without limitation as to percentage of market covered. A  
> >broadcaster is responsible for both the transmission and retransmission  
>  
> >of its signal.  
> >  
> >We look forward to any additional comments, which we would appreciate  
> >by Friday 5 March.  
> >  
> >Best regards,  
> >Larry  
> >  
> >  
> >